
NB Alternative Investment Management LLC

Client Brochure

October 20, 2016

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This Brochure provides information about the qualifications and business practices of NB Alternative Investment Management LLC (“**NBAIM**”). If you have any questions about the contents of this Brochure, please contact us at (212) 476-5900 or by email at: NBAIM_IR@nb.com.

NBAIM is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). NBAIM is subject to the Advisers Act rules and regulations adopted by the Securities and Exchange Commission (“**SEC**”). Registration as an investment adviser does not imply any particular level of skill or training.

Additional information about NBAIM is also available on the SEC’s website at www.adviserinfo.sec.gov.

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The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Item 2: Material Changes

This Brochure dated October 20, 2016 has been prepared in accordance with rules adopted by the SEC. This Brochure will be updated at least annually. We may further provide ongoing disclosure information about material changes as necessary. There have been no material changes made to this Brochure since March 30, 2016.

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Item 4: Advisory Business

A. Description of the Firm

NB Alternative Investment Management LLC (“**NBAIM**”) is a Delaware limited liability company that was formed in 2001 and registered with the Securities and Exchange Commission (the “**SEC**”) as an investment adviser in November 2001.

NBAIM is directly owned by NB Alternatives Holdings LLC and Neuberger Berman AA LLC, each of which is a subsidiary of Neuberger Berman Group LLC (“**NBG**”).

NBAIM provides alternative investment solutions to, among others, large public and private pension funds, academic and charitable institutions, and other sophisticated investors. NBAIM’s advisory business is focused primarily on acting as a “manager of managers” in that it acts as an adviser to pooled investment vehicles and separate accounts that allocate their respective assets to other pooled investment vehicles or separate accounts managed by third-party managers. NBAIM also advises a number of direct trading accounts that seek to access the stock selection alpha generation capabilities of specific third party hedge funds based on public filings.

As of January 1, 2016, certain of NBAIM’s accounts were transferred to Neuberger Berman Investment Advisers LLC (“**NBIA**”), an indirect, wholly-owned subsidiary of NBG, including all of the affiliated registered open-end investment companies and vehicles. The transferred accounts and remaining accounts will continue to be managed by the same individuals, some of whom will now also manage accounts on behalf of NBIA.

Indirect Ownership Background—Neuberger Berman Group

NBG is a holding company the subsidiaries of which (collectively referred to herein as the “**Firm**” or “**Neuberger Berman**”) provide a broad range of global investment solutions – equity, fixed income and alternatives – to institutions and individuals through customized separately managed accounts, mutual funds and alternative investment funds. As of December 31, 2015, Neuberger Berman had approximately \$240 billion under management.¹

NBG’s voting equity is wholly owned by NBSH Acquisition, LLC (“**NBSH**”). NBSH is owned by current and former employees, directors, consultants, and, in certain instances, their permitted transferees. As of December 31, 2015, approximately 450 employees owned an equity stake in the Firm. All of these employees have entered into agreements that provide strong incentives to

¹ Firm assets under management figures reflect the collective assets for the various affiliated investment advisers that are subsidiaries of NBG.

continue with the organization, and have a number of restrictive covenants in the event the employee leaves the Firm.

Neuberger Berman is headquartered in New York City. As of December 31, 2015, Neuberger Berman had approximately 2100 employees across 34 offices in 19 countries around the world.

NBAIM's investment management services are further discussed below.

B. Types of Advisory Services

NBAIM currently provides the following types of investment management services:

Private Investment Vehicles

NBAIM acts as the investment manager providing discretionary investment management services to privately offered investment vehicles ("**Private Funds**"). The Private Funds are organized or "sponsored" by NBAIM or an affiliate of NBAIM, and an affiliate of NBAIM acts as the managing member or general partner of the Private Funds, where applicable.

The Private Funds are generally structured as offshore and domestic "master-feeder" structures and stand-alone funds. NBAIM is primarily a "manager of managers" in that it generally does not provide investment advice about specific securities, but allocates assets of the Private Funds to other pooled investment vehicles or separate accounts managed by professional hedge fund managers and trading advisers that utilize specific strategies. NBAIM also advises a number of direct trading accounts that seek to access the stock selection alpha generation capabilities of specific third party hedge funds based on public filings (See Item 8).

Unlike open and closed-end mutual funds that are registered with the SEC under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), the Private Funds are not registered as investment companies with the SEC and are therefore not subject to various provisions of the Investment Company Act. Shares or interests in the Private Funds are not registered for sale under the Securities Act of 1933, as amended (the "**Securities Act**") and are instead sold to qualified investors on a private placement basis in "closed" offerings and through continuous periodic offerings.

The majority of the Private Funds will generally invest in pooled investment vehicles for which a third-party acts as general partner, managing member or adviser ("**Portfolio Funds**"), as well as enter into agreements to become separate account clients of a third-party adviser ("**Third Party Separate Accounts**"). The advisers to the Portfolio Funds and the Third-Party Separate Accounts are collectively referred to as "**Portfolio Managers**".

For a list of certain of the Private Funds, please reference Section 7.B. (1) and (2) of Schedule D of Part 1 to NBAIM's Form ADV which is publicly available at www.adviserinfo.sec.gov.

NBAIM has the overall responsibility for implementing the investment strategies of each Private Fund and has the authority to select Portfolio Funds or Third Party Separate Accounts within the stated investment strategies and objectives of each Private Fund.

Separately Managed Accounts

NBAIM provides ongoing discretionary investment management services to individual and institutional clients in a separate account format (collectively, “**Separate Accounts**”). These accounts are managed based on individual investment objectives or guidelines, time horizon, risk tolerance, policies and limitations of such clients. NBAIM helps to establish investment objectives and monitor the achievement of such objectives through investments in Portfolio Funds or Third-Party Separate Accounts.

Non-Discretionary Services

NBAIM serves as the non-discretionary investment adviser to institutional clients with respect to certain of their hedge fund holdings. For these accounts (collectively, the “**Non-Discretionary Accounts**”), NBAIM has ongoing responsibility to monitor and make recommendations to a client as to investments that may be purchased or sold for a client’s account, and, may be responsible for arranging or effecting the purchase or sale of such investments.

The Private Funds, Separate Accounts and Non-Discretionary Accounts are collectively referred to as the “**Client Accounts**.” All U.S. Separate Account clients and all U.S. investors in the Private Funds must qualify as “qualified purchasers” under Section 2(a) (51) (A) of the Investment Company Act (“**Qualified Purchaser**”).

C. Client Tailored Services and Client Tailored Restrictions

NBAIM generally offers the same type of investment management services to its Separate Accounts and the Private Funds. NBAIM enters into discretionary investment management agreements with its Separate Account clients. See Item 16. Clients may impose restrictions on investing in certain securities or types of securities in accordance with their particular investment objectives or needs.

NBAIM enters into discretionary investment management agreements with the Private Funds, and services are performed in accordance with the terms of each such agreement. Each Private Fund may impose investment restrictions or guidelines as it deems appropriate. Such investment restrictions and/or guidelines are typically set forth in the confidential private placement memorandum or other offering materials for each Private Fund (the “**Offering Documents**”).

D. Wrap Programs

Not applicable.

E. Assets Under Management

<u>Discretionary Amounts:</u>	<u>Non-Discretionary Amounts:</u>	<u>Date Calculated:</u>
\$ 2,053,937,339	\$ 1,338,033,657	12/31/2015*

* Takes into account the transfer of certain of NBAIM's accounts to NBIA as of January 1, 2016, as described above.

Item 5: Fees and Compensation

A. Fee Schedule

I. PRIVATE FUNDS

Pursuant to its investment management agreement with each Private Fund, NBAIM receives an annual management fee ("**Management Fee**"), the rate of which is based on an investor's net investment amount. Net investment amount is generally calculated based on an investor's contributions, withdrawals and distributions and is not based on capital appreciation or depreciation in an account. This rate is then applied to the net asset value of each account.

Management Fees may be negotiable under certain circumstances, including for affiliates of NBAIM. NBAIM or its affiliate acting as general partner or managing member of a Private Fund, in its discretion, may waive or reduce the Management Fees applicable to all or any of the investors in each Private Fund or agree with an investor to waive or alter the Management Fee as to that investor.

NBAIM or its affiliate also receives annual performance-based fees or allocations ("**Performance Fee**") based on the net capital appreciation (i.e., capital appreciation less capital depreciation) of each investor's account for certain Private Funds. The Performance Fee is payable only if, and to the extent that, the net capital appreciation of the investor's account exceeds any net capital depreciation accumulated in prior years (as adjusted for withdrawals of capital). NBAIM or its affiliate acting as general partner or managing member of a Private Fund, in its discretion, may waive or reduce the Performance Fees applicable to all or any of the investors in each Private Fund or agree with an investor to waive or alter the Performance Fee as to that investor.

Lower fees for comparable services may be available from other sources. The expenses of a Private Fund, including the Management Fee and Performance Fee, may constitute a higher percentage of average net assets than would be found in other investment vehicles not managed by NBAIM.

Investors should refer to each Private Fund's Offering Documents for additional or supplementary information regarding the Private Funds as well as the fees paid by each Private Fund.

II. SEPARATE ACCOUNTS

Separate Accounts pay a management fee which is generally based on a percentage of the market value of assets held in the account. Some Separate Accounts also pay a fee based on the performance of the account. Fees are negotiable and set forth in the investment management agreement with the client. All U.S. Separate Account clients of NBAIM are Qualified Purchasers

and those charged a performance fee must be eligible to enter into a performance fee arrangement under the Advisers Act ("**Qualified Clients**").

Fees may vary depending on a variety of factors including, but not limited to, the identity of the portfolio manager or group managing the account, account size and investment objectives.

III. NON-DISCRETIONARY ACCOUNTS

With respect to its Non-Discretionary Accounts, NBAIM receives either a fixed fee or a fee based on a percentage of the market value of assets held in the account.

B. Payment Method

Calculation and Payment of Fees:

Private Funds— The Management Fee are generally charged to each Private Fund quarterly. Performance Fees are generally charged at the end of each Private Fund's fiscal year or upon withdrawal by an investor from a Private Fund.

NBAIM deducts the Management Fee and Performance Fee directly from each investor's account. Investors should refer to the applicable Offering Documents for additional or supplementary information regarding payment of fees.

Separate Accounts— Management fees are generally charged quarterly at the beginning of each calendar quarter, based on the market value of the client's account on the last business day of the previous calendar quarter. Performance fees, if any, are generally charged on an annual basis.

Payment of fees for Separate Accounts is generally made upon invoice.

Non-Discretionary Accounts— The payment of fees associated with Non-Discretionary Accounts vary, but in general are consistent with the basic method described above for Separate Accounts.

Valuation of Assets—The market value of assets in Client Accounts are primarily based on net asset value as reported by each Portfolio Manager for the Portfolio Funds and Third Party Separate Accounts. In general, Portfolio Managers use a third-party administrator to calculate the official monthly net asset value. NBAIM, alongside the Private Funds' administrators and Separate Accounts' custodians (if engaged by Separate Account clients), review these monthly calculations.

With respect to its direct trading accounts, the market values of the assets are generally obtained from various third-party quotation services.

In addition, where significant issues regarding valuation arise that cannot be addressed by the methods described above, NBAIM will consult with a central valuation committee of the Firm to evaluate the issues and seek prompt resolution thereof.

C. Other Fees and Expenses

In addition to the management and performance fees paid to NBAIM or its affiliates, clients pay other fees associated with their accounts and investments. Such fees may include the following:

Custodial Fees— Private Funds and Separate Account clients may elect to have account assets held in the custody of a bank, trust company or other entity selected by the Private Fund or the client (as applicable). The Private Fund or the client will bear any custodial fees associated with such account. To the extent that cash is held in such accounts and fees are charged by the provider of such service, the fees so incurred by the Private Fund or the client will be in addition to the fee payable to NBAIM for the account. See Item 15.

Additional Fees Related to Investments in Portfolio Funds and Third-Party Separate Accounts— The Private Funds and Separate Accounts generally invest in Portfolio Funds or Third-Party Separate Accounts.

In addition to the fees payable to NBAIM, investments in Portfolio Funds or Third-Party Separate Accounts will result in Client Accounts paying asset-based and potentially performance-based fees to a third-party. All fees paid to NBAIM for investment management services are separate and distinct from the fees charged by the Portfolio Funds or Third-Party Separate Accounts. Consequently, for any Client Account investment in a Portfolio Fund or a Third-Party Separate Account, a client will generally pay two levels of fees; one layer of fees at the Portfolio Fund or Third-Party Separate Accounts level and one layer of fees to NBAIM.

In addition to the additional fees described above, investments in both Private Funds and in Portfolio Funds or Third-Party Separate Accounts will result in other fees and expenses associated with such investments. Private Fund and Portfolio Fund expenses are described in the respective offering documents. These expenses will generally include brokerage and other transaction related costs, and the fees and expenses of service providers to these funds, such as custodians, transfer agents, administrators, valuation agents, auditors and counsel.

In addition, the Portfolio Funds may themselves invest in other funds as described in each Portfolio Fund's offering documents. To the extent a Portfolio Fund invests in another underlying fund, it will bear the costs and expenses associated with an investment in that underlying fund.

D. Prepayment of Fees and Refunds

Management fees and performance fees, if any, are not paid in advance.

E. Sales Compensation

NBAIM's products and strategies are marketed by the Firm's central salesforce which also markets the products and strategies of NBAIM's affiliates. Certain members of the central salesforce are registered representatives of Neuberger Berman LLC ("**NB LLC**"), an affiliate of NBAIM and a registered investment adviser and broker-dealer and member of FINRA. Subject to applicable law, certain of those members are entitled to a sales commission if NBAIM is engaged to provide investment management services for a Separate Account or if an investment is made in a Private Fund. The commission is generally a percentage of the management fee paid to NBAIM for a specified number of years, payable to the salesperson on the same basis as NBAIM is paid, subject to the terms and conditions of the applicable sales compensation plan and contingent compensation program.

Given that the salespersons may market a wide range of products offered by NBAIM and its affiliates, with differing sales compensation, the salespersons may have an incentive to promote or recommend certain products over others based on the compensation to be received and not on the specific requirements or investment objectives of the client. To prevent conflicting duties of salespersons, NB LLC has adopted procedures requiring supervisory review of salespersons' recommendations against investors' investment objectives. Salespersons are also required to undergo product specific training for all products they market.

The Firm's central sales force also markets the advisory products and services of NBAIM for which certain members may not receive any direct compensation. Certain Firm employees who are not members of the central sales force may be eligible to earn an account referral bonus for referring a client to NBAIM.

NBAIM will also utilize unaffiliated placement agents in offering Private Funds to investors. The U.S. placement agents are registered as broker-dealers with the SEC and are FINRA members. The placement agent may be entitled to a sales commission or placement fee of up to 2% of the amount of subscriptions. Each placement agent may also receive a portion of NBAIM's Management Fee or Performance Fee with respect to shares or interests placed by such placement agent. See Section 10.C.1.

Each placement agent may enter into sub-placement agreements with affiliates and unaffiliated third parties that may charge an investor, on a fully disclosed basis, a fee in connection with the purchase of shares in the Private Fund. In the discretion of a placement agent, all or a portion of its placement fee may be allocated to such sub-placement agents. Each placement agent, in its sole discretion, may waive or reduce the placement fee for any investor, including any affiliate of such placement agent.

Item 6: Performance-Based Fees and Side-By-Side Management

“Performance-Based Fees” are fees that are based on a share of the capital gains or capital appreciation of the assets of an account. Examples of performance-based fees include, but are not necessarily limited to:

- an incentive fee where the fee is calculated as a percentage of a fund's profits, taking into consideration both realized and unrealized profits
- high water mark where the manager receives performance fees only on increases in the net asset value of a fund in excess of the highest net asset value it has previously achieved
- hurdle rates where a manager does not charge a performance fee until the fund's annualized performance exceeds a benchmark rate, such as T-bill yield, LIBOR or a fixed percentage.

NBAIM generally charges performance based fees in connection with the management of its Private Funds and Separate Accounts.

Some of NBAIM’s portfolio managers may be investment advisory personnel of one or more of NBAIM’s affiliated advisers. See Item 10.C.3 for a list of such affiliated advisers.

To the extent that portfolio managers of NBAIM manage accounts that charge only management fees and accounts that charge management and performance fees, these portfolio managers may have a conflict of interest in that an account with a performance-based fee arrangement will offer the potential for higher profitability when compared to an account with only a management fee. Performance-based fee arrangements may create an incentive for NBAIM and/or its portfolio managers to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Performance-based fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the devotion of time and resources and the allocation of investment opportunities.

To manage these potential conflicts, NBAIM has adopted a number of compliance policies and procedures. These policies and procedures include (i) the Neuberger Berman Code of Ethics (see Item 11), (ii) the NBAIM Compliance Manual, (iii) an investment allocation policy which seeks to ensure that investment opportunities are allocated fairly among Client Accounts and that all Client Accounts are managed in accordance with their investment mandate, and (iv) allocation review procedures reasonably designed to identify unfair or unequal treatment of accounts. NBAIM does not consider fee structures in allocating investment opportunities.

Item 7: Types of Clients

NBAIM's clients include the Private Funds and clients who open Separate Accounts or Non-Discretionary Accounts. Separate Account and Non-Discretionary Account clients primarily include U.S. and non-U.S. individual and institutional clients, including financial institutions and private pension plans.

Set forth below are the minimum account requirements for NBAIM's accounts:

Private Funds

Investors in the Private Funds that are U.S. persons must be "accredited investors" under Regulation D under the Securities Act, Qualified Purchasers under the Investment Company Act and Qualified Clients eligible to be charged performance fees under the Advisers Act.

The minimum investment required by an investor varies depending on the Private Fund and in each case is subject to waiver by NBAIM or the Private Fund's general partner. Investors should review the Offering Documents for each relevant Private Fund for further information with respect to minimum requirements for investment.

Separate Accounts

NBAIM generally creates Separate Accounts for accounts in excess of \$100 million, but may consider accounts with lesser commitment amounts. These customized portfolios are designed to meet the specific risk and return goals, liquidity restraints, factor sensitivity targets and other requirements of its clients.

Non-Discretionary Services

The minimum account size for Non-Discretionary Accounts generally is consistent with the information described above for Separate Accounts.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis

Security Analysis:

NBAIM generally invests the assets of Private Funds and Separate Accounts in the Portfolio Funds or Third-Party Separate Accounts. In addition, NBAIM also advises a number of direct trading accounts that seek to access the stock selection alpha generation capabilities of specific third party hedge funds based on public filings.

In reviewing investment opportunities, NBAIM conducts research and identifies the Portfolio Managers of the Portfolio Funds and Third-Party Separate Accounts, to satisfy itself as to the suitability of the terms and conditions of the Portfolio Funds or, where relevant, negotiate the respective investment advisory agreements for the Third-Party Separate Accounts, and to allocate and reallocate the Private Funds' and Separate Accounts' assets among Portfolio Managers. NBAIM allocates its clients' assets among Portfolio Managers using its knowledge and experience to assess the capabilities of the Portfolio Managers and to determine the optimal mix of investment sectors and styles given the economic and investment environment.

See Item 10.D. for the factors NBAIM considers in evaluating and selecting Portfolio Managers.

Sources of Information:

In conducting analyses on Portfolio Funds, NBAIM utilizes a broad spectrum of information sources, including, but not limited to:

- Network of industry contacts: includes existing relationships and external contacts established through industry events and conferences;
- Meetings with Portfolio Managers: NBAIM conducts numerous meetings as part of its due diligence of potential hedge fund investments, and seeks to gain insight into areas, including, but not limited to: i) the Portfolio Managers' background and experience; ii) the genesis of the organization, AUM and investor mix; iii) key team members; iv) general investment process; v) illustrative examples; vi) views/outlook on the strategy; and vi) strategy-specific information;
- Review of Portfolio Fund's legal documentation (e.g., offering memoranda, operating agreement, audited financials, policies and procedures);

- Review of Portfolio Fund's operations (e.g., Portfolio Fund's control environment, segregation of duties, trade settlement process, reporting, cash management, and disaster recovery plans);
- Portfolio Fund's service providers; and
- Background checks

NBAIM may also rely on the research of its Advisory Affiliates. See Item 10.C.3.

B. Investment Strategies

The following is a summary of the principal investment strategies employed by NBAIM in its Private Funds. The material risks associated with each of these strategies are set forth in C. below. This is a summary only. Clients should look to the offering memorandum of each Private Fund or to their investment advisory agreements with NBAIM and other client materials for a more complete description of each strategy. Clients should not rely solely on the descriptions provided below.

Diversified Arbitrage Funds

The Diversified Arbitrage Funds target consistent, positive absolute returns with low market beta. The Fund is designed as a diversification tool for client portfolios, seeking long-term capital appreciation while attempting to reduce risk and volatility.

Diversified Arbitrage allocates to 20-30 relative value and event-driven Portfolio Managers and avoids market-correlated (e.g., long/short equity) as well as directional (e.g., macro) strategies. Diversified Arbitrage targets near zero beta to major equity, credit and fixed income markets. To minimize forced selling in periods of market stress and to preserve the opportunity to increase positions at attractive prices when others are selling, NBAIM maintains a strong preference for non-leverage-dependent strategies (e.g., distressed) over leverage-dependent strategies (e.g., convertible bond arbitrage) in this Fund. As such, Diversified Arbitrage has a significant allocation to credit and distressed managers with established track records across multiple market cycles.

Distressed Credit Fund

The Distressed Credit Fund seeks to deliver long-term capital appreciation with a moderate level of volatility over the next distressed cycle. Distressed Credit allocates to 8-12 managers with strong track records and an identifiable edge in distressed investing. The Fund invests across the US, Europe and Asia, focusing almost exclusively on corporate restructurings.

Alpha Capture

Alpha Capture invests in a portfolio of securities based on the U.S.-domiciled common stock holdings of select hedge fund managers, as disclosed by those managers in quarterly 13F filings. The portfolio is a concentrated, high conviction selection of common stocks. The strategy seeks to access the stock selection alpha generation capabilities of hedge funds. The strategy employs a dynamic beta hedge with the goal of reducing the overall market exposure of the portfolio.

In addition, NBAIM manages Separate Accounts which pursue unique investment strategies based on the individual investment objectives or guidelines, time horizon, risk tolerance, policies and limitations of the Separate Account clients. Certain of these investment strategies may be similar to the investment strategies pursued by the Private Funds.

C. Material Risks

Investments in securities and other financial instruments involve risk of loss that investors must be prepared to bear.

The following is a summary of the principal risks associated with investments by the Private Funds and Separate Accounts. This is a summary only. Clients should look to the offering memorandum of each Private Fund or to their investment advisory agreements with NBAIM and other client materials for a more complete description of these risks. Clients should not rely solely on the descriptions provided below.

- **Leveraged and Speculative Investments.** An investment in hedge funds is speculative and involves a high degree of risk. Hedge funds commonly engage in swaps, futures, forwards, options and other derivative transactions that can result in volatile fund performance. Leveraging may increase risk.
- **Limited Liquidity.** There are limited channels in the secondary market through which investors can attempt to sell and or purchase interests in hedge funds. An investor's ability to transact business in the secondary market is subject to restrictions on transferring interest in hedge funds, and hedge funds may suspend or limit the right of redemption under certain circumstances. Thus, an investment in hedge funds should be regarded as illiquid.
- **Absence of Regulatory Oversight.** Hedge funds are not required to be registered under the Investment Company Act; therefore hedge funds are not subject to the same regulatory requirements as mutual funds.
- **Dependence upon Investment Manager.** The general partner or manager of a hedge fund normally has total trading authority over its respective fund. The use of a single advisor applying generally similar trading programs could mean the lack of diversification and consequently, higher risk.

- **Foreign Exchanges.** Selective hedge funds may execute a portion of their trades on foreign exchanges. Material economic conditions and/or events involving those exchanges may affect future results.
- **Fees and Expenses.** Hedge funds often charge high fees; such fees and expenses may offset trading profits.
- **Complex Tax Structures.** Hedge funds may involve complex tax structures and delays in distributing important tax information.
- **Limited Reporting.** While hedge funds generally may provide periodic performance reports and annual audited financial statements, they are not otherwise required to provide periodic pricing or valuation information to investors.
- **Business and Regulatory Risks of Hedge Funds.** Legal, tax and regulatory changes could occur during the term of a hedge fund that may adversely affect the fund or its managers.
- **Investment and Trading Risks.** Maximized adverse impact due to such investment techniques as short sales, margin and option transactions, and forward and futures contracts.
- **Micro, Small and Medium Capitalization Companies.** A portion of a fund of fund's assets may be invested indirectly in stocks of companies with micro or small-to-medium sized market capitalizations, which involve higher risks than investments in stocks of larger companies.
- **Allocation Arrangements with the Investment Manager and the Portfolio Managers.** The Portfolio Managers may receive incentive allocations based on the performance of their investments. Because of this, the Portfolio Managers may make investments that are riskier or more speculative than the investments that they typically would make. NBAIM or an affiliate of NBAIM also may receive an incentive allocation based upon the net capital appreciation allocated to each investor.
- **Independent Portfolio Managers.** The Portfolio Managers invest wholly independent of one another and may at times hold economically offsetting positions. A Portfolio Manager may receive an incentive allocation for his/her portfolio during a certain period even though a fund's overall portfolio depreciated during that same period.
- **Estimates.** In most cases, NBAIM will have no ability to assess the accuracy of the valuations received from a Portfolio Manager. The net asset values received by NBAIM from the Portfolio Managers typically will be estimates only, and will be subject to revision through the end of each Portfolio Fund's annual audit. Net capital appreciation

or depreciation figures cannot be considered final until the fund's annual audit is complete.

- **Fixed-Income Securities.** The value of fixed-income securities in which a Portfolio Manager invests will change in response to fluctuations in interest rates. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed-income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed-income securities generally can be expected to decline.
- **Short Selling.** The Portfolio Managers may engage in short selling. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in securities. There can be no assurance that the security necessary to cover a short position will be available for purchase, nor that the price of the underlying security will not increase, thus increasing the cost of buying those securities to cover the short position.
- **Futures Contracts.** A Portfolio Manager may trade in futures contracts (and options on futures). Futures positions may be illiquid because, for example, most U.S. commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Furthermore, low margin or premiums normally required in futures trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss.
- **Commodities and Certain Derivatives.** The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the underlying commodities. In addition, a portfolio's assets are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses or counterparties.
- **Global Investments.** The Portfolio Managers may invest in currencies and securities traded in various markets throughout the world, including emerging or developing markets, some of which are highly controlled by governmental authorities. Such investments require consideration of certain risks typically not associated with investing in currencies or securities of developed markets. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavorable currency

exchange rate fluctuations, imposition of exchange control regulation by governments, withholding taxes, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and social, economic or political instability in foreign nations.

- **Emerging Markets.** Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for a certain financial instrument may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. In addition, imposition of exchange regulations, limitations on removal of funds, political instability, corruption and confiscatory taxation are more likely to occur in emerging markets.
- **Counterparty Risk.** A fund may do business on “over the counter” or “interdealer” markets, which are not subject to credit evaluation or regulatory oversight.
- **Currency Trading.** A portion of a fund’s assets may be invested in equity and debt securities denominated in various currencies and in other financial instruments, the price of which is determined with references to such currencies. Each fund, however, values its investments and other assets in U.S. dollars. To the extent unhedged, the value of a fund’s net assets fluctuates with U.S. dollar exchange rates as well as with price changes of a Portfolio Manager’s investments in the various local markets and currencies.
- **Managed Account Allocations.** A Private Fund may place assets with Portfolio Managers by opening discretionary managed accounts rather than investing in funds and other private investment companies. Managed accounts expose the underlying portfolio to theoretically unlimited liability, and it is possible that a fund could lose more in a managed account directed by a particular Portfolio Manager than the fund had allocated to such Portfolio Manager to invest.
- **Dilution.** In the case of Portfolio Managers which limit the amount of additional capital which they will accept from a fund, continued sales of interests in such fund will dilute the participation of existing investors in such Portfolio Managers.
- **Transparency Risk:** Although NBAIM receives detailed information from each Portfolio Manager regarding its investment performance and investment strategy, NBAIM may have little or no means of independently verifying this information. A Portfolio Manager may use proprietary investment strategies that are not fully disclosed to NBAIM, which may involve risks that are not anticipated by NBAIM.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose in this item all material facts regarding any legal or disciplinary events that would be material to a client's or potential client's evaluation of the firm or the integrity of the firm's management. NBAIM has no items to disclose.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker-Dealer or Registered Representative

NBAIM is not a registered broker or dealer. Some of NBAIM's management personnel are registered representatives with FINRA through their affiliation with NBAIM's registered broker-dealer affiliate, NB LLC. In such capacity, subject to applicable law, they may receive sales commissions in connection with the sale of interests in the Private Funds. See Item 5.E.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor or Associated Person

NBAIM is registered as a Commodity Pool Operator ("CPO") with the Commodity Futures Trading Commission ("CFTC") and has filed a notice of exemption pursuant to CFTC Rule 4.7 from certain reporting and disclosure obligations otherwise applicable to registered CPOs, on the basis that it manages pools consisting of certain sophisticated investors. Notwithstanding NBAIM's registration as a CPO, NBAIM generally manages its accounts and pools as an exempt CPO, in reliance on available exemptions under CFTC Rules 4.13(a)(3) and CFTC No Action Letter 12-38. NBAIM is exempt from registering with the CFTC as a Commodity Trading Advisor ("CTA").

Certain of NBAIM's management personnel are principals and/or associated persons of the NFA with respect to NBAIM as CPO and may also be associated persons and/or principals with the NFA through their affiliation with affiliates of NBAIM.

C. Material Relationships

NBAIM currently has certain relationships or arrangements with related persons that are material to its investment management business or its clients. Below is a discussion of such relationships/arrangements and any conflicts that arise from them.

1. Broker-dealer, municipal securities dealer, or government securities dealer or broker

NBAIM is affiliated with NB LLC, a U.S. registered broker-dealer.

Registered representatives of NB LLC and unaffiliated broker-dealers may solicit investors for the Private Funds and Separate Account clients for NBAIM. See Item 5.E. and Item 14.B.

In providing investment management services to its clients, NBAIM draws upon the trading, operational, administrative and research resources of NB LLC and other affiliates. NBAIM may

use security analysis and research reports prepared by NB LLC's dedicated research department or by other affiliated entities.

In addition, NBAIM advisory personnel may also be registered representatives of NB LLC. In such capacity, they may sell or provide similar services as the services offered by NBAIM. The existence of these relationships may create the appearance of a conflict of interest. See Item 11.B.6 and Item 11.D.6.

The Firm has established policies and procedures reasonably designed to prevent the misuse by the Firm and its personnel of material information regarding issuers of securities that has not been publicly disseminated. See Item 11.D.1.

2. Investment Company or other pooled investment vehicle

NBAIM acts as adviser to certain Private Funds where a related party acts as general partner or managing member. Affiliates of NBAIM act as general partners, managing members or advisers to other pooled investment vehicles ("**Affiliated Funds**"). Management persons of NBAIM may act as directors or officers of Affiliated Funds.

3. Other investment adviser or financial planner

NBAIM has relationships that are material to its investment advisory business with the following affiliated investment advisers (the "**Advisory Affiliates**").

SEC-Registered Advisers:

Neuberger Berman LLC
Neuberger Berman Investment Advisers LLC
NB Alternatives Advisers LLC
Neuberger Berman Asia Limited
Neuberger Berman Europe Limited
Neuberger Berman Singapore Pte. Limited

Non-SEC-Registered Advisers:

Neuberger Berman East Asia Limited
Neuberger Berman Australia Pty Limited
Neuberger Berman Taiwan Limited

In providing investment management services to its clients, NBAIM may draw upon the resources of these affiliates. Where required, personnel of the Non-SEC Registered Advisers involved in NBAIM's advisory activities are deemed "associated persons" of NBAIM and are subject to certain NBAIM policies and procedures as well as supervision and periodic monitoring.

Certain NBAIM portfolio management personnel are also officers or otherwise affiliated with some of these Advisory Affiliates and are engaged in providing investment management services to the clients of such Advisory Affiliates.

Neither NBAIM nor its related persons are obligated to allocate any specific amount of time or investment opportunities to a particular client. See Item 6 and Item 11.D.6. with respect to side-by-side management.

The views and opinions of NBAIM, and those of these Advisory Affiliates and their research departments, may differ from one another. See Item 11.B.7.

The Firm has established policies and procedures reasonably designed to prevent the misuse by the Firm and its personnel of material information regarding issuers of securities that has not been publicly disseminated. See Item 11.D.1.

4. Futures commission merchant, commodity pool operator, or commodity trading advisor

NB LLC is registered as a Commodity Pool Operator. NB LLC and Neuberger Berman Investment Advisers LLC are registered as Commodity Trading Advisors. NBAIM does not have a material relationship with these entities in such capacities.

5. Banking or thrift institution

None.

6. Accountant or accounting firm

None.

7. Lawyer or law firm

None.

8. Insurance company or agency

None.

9. Pension consultant

None.

10. Real estate broker or dealer

None.

11. Sponsor or syndicator of limited partnerships

The Private Funds are generally organized or “sponsored” by NBAIM, and an affiliate of NBAIM acts as the managing member or general partner of the Private Funds, where applicable. See Item 10.C.2. Further information about the partnerships for which affiliates of NBAIM serve as the general partner is available in Section 7.B of Schedule D of Part I of NBAIM and its affiliated SEC-registered investment advisers’ Form ADVs.

12. Administrator

None.

D. Selection of Other Investment Advisers

NBAIM invests its Private Funds and Separate Accounts with Portfolio Funds and may invest such Private Funds and Separate Accounts in Third-Party Separate Accounts. In connection with these investments, NBAIM makes recommendations and/or selections of underlying Portfolio Managers. NBAIM performs a detailed evaluation of potential Portfolio Managers and Portfolio Funds before selecting them. Such evaluation includes, but is not limited to, a review of the following:

- (i) management team reputation and integrity;
- (ii) depth and continuity of the investment team;
- (iii) demonstrated superior investment skills;
- (iv) ability to implement investment strategies;
- (v) consistency of past returns and capital under management;
- (vi) risk control and leverage;
- (vii) diversification; and
- (viii) personal investment.

NBAIM seeks to quantify risk on a monthly basis and reviews these risk measures at several levels. NBAIM’s portfolio risk management systems are a proprietary resource developed and supported by NBAIM’s quantitative research professionals. This approach to risk management focuses on, among other factors, volatility analysis, factor exposure modeling, and downside risk evaluation.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics

In order to address conflicts of interest, NBAIM has adopted a Compliance Manual and the Neuberger Berman Code of Ethics and Code of Conduct (the “**Conflicts Procedures**”). The Conflicts Procedures are applicable to all of NBAIM’s officers, members, and employees (collectively, “**Employees**”). The Conflicts Procedures generally set the standard of ethical and professional business conduct that the Firm and NBAIM requires of its Employees. The Conflicts Procedures consist of certain core principles requiring, among other things, that Employees: (1) at all times place the interests of clients first; (2) ensure that all personal securities transactions are conducted in such a manner as to avoid any actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility; (3) refrain from taking advantage of their positions inappropriately; and (4) at all times conduct themselves in a manner that is beyond reproach and that complies with all applicable laws and regulations.

As discussed further below, the Conflicts Procedures include provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other topics. All Employees must acknowledge the terms of the Code of Ethics annually, or when it is materially amended.

In addition, the Conflicts Procedures imposes certain additional requirements on Access Persons (as defined in the Conflicts Procedures) who are advisory persons. It also requires Access Persons to report personal securities transactions on at least a quarterly basis or as otherwise required and provide the Firm with a detailed summary of certain holdings (initially upon becoming an Access Person and annually thereafter) over which such Access Persons have a direct or indirect beneficial interest.

Clients may obtain a copy of the Code of Ethics by contacting their Client Service Representative.

B. Participation or Interest in Client Transactions

NBAIM may participate or have an interest in client transactions as described below. NBAIM seeks to make all investment management decisions in its clients' best interests.

1. Principal and Agency Transactions:

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, buys from, or sells any security to, an advisory client. A principal transaction would occur if NBAIM bought securities for its own inventory from an NBAIM client or sold securities from its inventory to an NBAIM client. In certain instances, it may also occur if an affiliate of NBAIM bought or sold securities from or to an NBAIM client.

Generally, NBAIM does not engage in principal transactions. If NBAIM were to consider entering into a principal transaction, NBAIM will, in accordance with the Advisers Act, provide written disclosure to each client affected by the transaction and obtain such clients' consent prior to settlement of any principal transaction.

An "agency cross transaction" is defined as a transaction where an adviser acts as broker for both its advisory client and the party on the other side of the brokerage transaction. An agency cross transaction would also occur if the brokerage transaction is executed by an affiliate of the adviser. NBAIM does not engage in agency cross transactions.

2. Cross Transactions

Cross trades involve the transfer, sale or purchase of assets from one client to another client without the use of a broker-dealer. NBAIM may engage in cross trading where permissible, if it determines that such action would be favorable to both clients and the conditions for the transaction are fair to both parties.

3. Affiliated Brokers

NBAIM is affiliated with NB LLC. NBAIM does not execute transactions for its Client Accounts through NB LLC; however, NBAIM utilizes the NB LLC trading desk for its direct trading accounts' trade execution services. See Item 12.

4. Financial Interests in Securities or Investment Products

From time to time, NBAIM may recommend to NBAIM's clients that they buy or sell securities in which NBAIM or a related person has a financial interest or may recommend they make an investment in an Affiliated Fund.

Furthermore, NBAIM may invest Client Accounts in securities or other assets of companies with which NBAIM or its affiliates has a business relationship, whether client, broker, vendor or investment consultant.

5. Employee Investment in NBAIM Products

NBAIM employees may be investors in the Private Funds. Any such investments are made in conformity with the Conflicts Procedures, which includes procedures governing the use of confidential information and personal investing. Certain Private Funds may elect to waive management or performance fees/allocation for employees of the Firm who invest in the Private Fund pursuant to the Firm's employee investment program.

6. Buying and Selling Securities That Are Recommended to Clients

NBAIM may invest Client Accounts in Portfolio Funds in which NBAIM, its affiliates or employees of either are also invested and the performance and management fees may be separately negotiated for such investments.

NBAIM does not believe that these investments cause a conflict of interest between NBAIM and the Private Funds but rather function to better align the interests of the investors with NBAIM's interests since its capital is being invested alongside the investors' capital. By virtue of NBAIM's or its affiliate's capital investment in the Private Funds, NBAIM and/or its affiliate may be considered to participate, indirectly, in transactions effected for the Private Funds. The foregoing relationships, fees and any other actual or potential conflicts of interest arising therefrom are disclosed in the Offering Documents.

7. Other Interests in Client Transactions

NBAIM affiliates may sell or provide similar services as the services offered by NBAIM. The views and opinions of NBAIM, its affiliates and their respective research departments may differ from one another. As a result, client accounts may hold securities or other investment products for which each of these entities may have a different investment opinion or outlook at the time of their acquisition or subsequent thereto.

C. Personal Trading

NBAIM, or one or more of its affiliates, including employees, from time to time, may invest for their own account in the Private Funds, Portfolio Funds, or other investments in which NBAIM may also invest on behalf of Client Accounts. Moreover, NBAIM and its affiliates and employees may buy, sell or hold securities while entering into different investment decisions for one or more client accounts. All such investments are made in accordance with the Conflicts Procedures.

NBAIM's employees and those of its affiliates may participate directly or indirectly in Private Fund investments to the extent permitted by the terms of the relevant Private Fund's operating agreement. Such participation in each investment will be on substantially the same terms and conditions as provided for in the offering materials of the Private Funds. The sale or disposition

by NBAIM or an employee or affiliate must also be consummated in accordance with internal policies and applicable law.

It is the Firm's policy to monitor and in some cases prohibit personal securities transactions for the Firm, its affiliates and their respective employees. The Conflicts Procedures contains employee trading policies and procedures that are closely monitored by the Legal and Compliance Department. Key aspects of the employee trading policies and procedures include:

- a) a requirement for securities accounts to be maintained at NB LLC or other approved entities;
- b) an employee price switch/disgorgement policy;
- c) prohibitions against employee participation in certain IPOs;
- d) prohibitions against trading on the basis of material non-public information;
- e) pre-approval requirements for certain security transactions such as private placement offerings;
- f) a minimum holding period of 30 days for most personal securities transactions, and
- g) annually affirming in writing that, i) all reportable transactions occurring during the year were reported to the Firm; ii) all reportable positions were disclosed; iii) all newly opened securities accounts and/or private placements were disclosed; and, iv) that the employee has read, understood and complied with the Code of Ethics.

The price switch/disgorgement policy attempts to address the potential conflict that could arise from employees owning the same securities as clients, or where the accounts of both enter the market at the same time. Subject to certain exclusions, employee trades that are executed on the same day and in the same security as a Client Account are reviewed to ensure that the employee does not receive a better price than the client. In the event that the employee does receive a better price, the employee's price is "switched" to that of the client's and the cash difference in the execution price is disgorged from the employee account. Disgorged proceeds are often allocated to client accounts in the form of revised execution prices. In some instances, however, a revised execution price may not be feasible and the proceeds will either be remitted to client accounts or donated to charity.

As stated in the Conflicts Procedures, it is the policy of Neuberger Berman for its SEC-registered advisers to prohibit insiders, that is, the employees of such advisers and certain of their close relatives, from effecting transactions in anticipation of transactions in such securities by client accounts.

D. Other Conflicts of Interest

1. Non Public Material Inside Information/Insider Trading

The Firm has implemented policies and procedures (the "**MNPI Procedures**"), including certain information barriers within the Firm, that are reasonably designed to prevent the misuse by the Firm and its personnel of material information regarding issuers of securities that has not been publicly disseminated ("**material non-public information**"). The MNPI

Procedures are designed to be in accordance with the requirements of the Advisers Act and other federal securities laws. In general, under the MNPI Procedures and applicable law, when the Firm is in possession of material non-public information related to a publicly-traded security or the issuer of such security, whether acquired unintentionally or otherwise, neither the Firm nor its personnel are permitted to render investment advice as to, or otherwise trade or recommend a trade in, the securities of such issuer until such time as the information that the Firm has is no longer deemed to be material non-public information.

In the ordinary course of operations, certain businesses within the Firm may seek access to material non-public information. For instance, the loan and distressed debt businesses within certain affiliates may utilize material non-public information in purchasing loans and other debt instruments.

The MNPI Procedures address the process by which material non-public information may be acquired intentionally by the Firm and the sharing of information between different businesses within the Firm. When considering whether to acquire or share material non-public information, the Firm will attempt to balance the interests of all clients, taking into consideration relevant factors, including, but not limited to, the extent of the prohibition on trading that may occur, the size of the Firm's existing position in the issuer, if any, and the value of the information as it relates to the investment decision-making process. In determining whether or not to elect to receive material non-public information, the Firm will endeavor to act fairly to its clients as a whole.

In general, under such policies and procedures and applicable law, when NBAIM is in possession of material non-public information related to a publicly-traded security or the issuer of such security, whether acquired unintentionally or otherwise, neither NBAIM nor its personnel are permitted to trade in the securities of such issuer until such time as the information that NBAIM is no longer deemed to be material non-public information.

2. Gifts/Gratuities/Entertainment

Firm employees, wherever located, are prohibited from providing business gifts or entertainment that are excessive or inappropriate or intended to inappropriately influence recipients.

Subject to applicable law, the Firm allows personnel to provide limited business gifts and entertainment to personnel/representatives of clients or prospective clients as detailed in more specific Firm policies and procedures. However, the Firm prohibits providing business gifts or entertainment that are excessive or inappropriate or intended to cause such personnel/representatives to act against the best interests of their employer, the client they represent or those to whom they owe a fiduciary duty.

In addition to the above prohibitions, the Firm imposes restrictions on providing gifts and entertainment to particular types of clients or client representatives, such as government officials at all levels and representatives of U.S. Labor Organizations. Furthermore, other public, as well as private, institutions may have their own internal rules regarding the

acceptance of gifts or entertainment by their personnel and other representatives. Neuberger Berman personnel are reminded to be aware that institutions with whom they deal may have certain additional restrictions.

In addition to these requirements, which apply to all Firm personnel, different regions may have regulatory rules and requirements relating to business gifts and entertainment specific to their region. Separate Firm policies and procedures specify how personnel subject to this requirement are to comply with it.

Accepting gifts or entertainment from clients, prospective clients, employees or agents of clients, outside vendors, suppliers, consultants, and other persons or entities with whom the Firm does business may also create actual or apparent conflicts of interest. Subject to applicable law, the Firm does not prohibit personnel from accepting all business-related gifts or entertainment. However, neither Firm personnel, immediate family members, nor other household members may accept any gift or entertainment that is significant in value or impairs, or appears to impair, employee ethics, loyalty to the Firm, or ability to exercise sound judgment. Furthermore, Firm personnel may not accept gifts or entertainment that are, or may be perceived as being, compensation from someone other than the Firm. Firm personnel may not solicit gifts or entertainment, and may not give any gifts or entertainment to anyone who solicits them.

3. Political Contributions

Due to the potential for conflicts of interest, the Firm has established policies and procedures relating to political activities which are designed to comply with applicable federal, state and local law. Each employee is required to seek preapproval before the employee, the employee's spouse, the employee's dependent children or any other person that the employee materially supports makes any political contribution or volunteers for a campaign.

4. Outside Business Activities

Certain types of outside affiliations or other activities may pose a conflict of interest or regulatory concern to the Firm. Therefore, the Firm prohibits certain activities, and requires employees to disclose outside activities to the Firm in writing so that responsible personnel may assess the compatibility of the outside affiliation or activity with their role at the Firm. "Outside affiliations" include relationships in which Neuberger Berman personnel serve as an employee, director, officer, partner or trustee of a public or private organization or company other than the Firm (paid or unpaid), including joint ventures, portfolio investment companies, non-profit, charitable, civic or educational organizations. These relationships may or may not be related to employment with the Firm. Employees registered in the U.S. may also have to update their regulatory filings to reflect outside affiliations. Generally, Firm employees do not have to disclose affiliations which involve little or no personal responsibility or exposure on their part and have minimal potential for adversely affecting the Firm's image or creating conflicts of interest. Firm personnel are not required to disclose affiliations of family members unless they are aware that an immediate family member's affiliation with a company or

organization may result in a conflict of interest between the employee and the Firm or the employee and a client of the Firm.

Firm personnel are generally prohibited from being employed by another company or from engaging in other activities that could interfere or conflict with their service at the Firm. Firm personnel are prohibited from being employed by, or serving on a board or in an advisory position with, any public company or with other firms in the financial services industry. Furthermore Firm personnel are prohibited from entering into independent non-Firm related business relationships with clients, vendors, or co-workers. Exceptions to these prohibitions may only be made in writing on a case-by-case basis by the Legal and Compliance Department.

Firm personnel may, under certain limited circumstances, serve as an executor, trustee, guardian or conservator, with prior approval from the Legal and Compliance Department, irrespective of whether such service is personal in nature. Brokerage accounts under control of the employee as a result of their service as an executor, trustee, guardian or conservator must be disclosed in accordance with the Firm's Code of Ethics, even if the relationship is personal. The Firm generally permits employees to engage in philanthropic, charitable or other similar pursuits, subject to certain limitations and with prior approval from the Legal and Compliance Department.

5. Outsourcing/Service Providers

The Firm conducts appropriate due diligence on any outside vendor that provides products or services to the Firm and enters into an appropriate contract. The Firm's relationships with outside vendors are managed so that appropriate controls and oversight are in place to protect the Firm's interests, including safeguarding of private and confidential information regarding the Firm's clients and employees.

6. Side by Side Management of Different Types of Accounts

NBAIM and its personnel may have differing investment or pecuniary interests in different Client Accounts managed by NBAIM, and NBAIM personnel may have differing compensatory interests with respect to different Client Accounts.

NBAIM faces a potential conflict of interest when (i) the actions taken on behalf of one Client Account may impact other similar or different Client Accounts (e.g., where accounts have the same or similar investment strategies or otherwise compete for investment opportunities, have potentially conflicting investment strategies or investments) and/or (ii) NBAIM and its personnel have differing interests in such Client Accounts (e.g., where NBAIM or its related persons are exposed to different potential for gain or loss through differential ownership interests or compensation structures) because NBAIM may have an incentive to favor certain Client Accounts over others that may be less profitable. Such conflicts may present particular concern when, for example, NBAIM places, or allocates investment opportunities that NBAIM believes could more likely result in favorable performance, engages in cross trades or executes potentially conflicting or competing investments.

To mitigate these conflicts, NBAIM's Conflicts Procedures seek to ensure that investment decisions are made in accordance with the fiduciary duties owed to Client Accounts and without consideration of NBAIM's (or such personnel's) pecuniary, investment or other financial interests. NBAIM has procedures reasonably designed to allocate investment opportunities in a fair and equitable manner among Client Accounts.

Item 12: Brokerage Practices

A. Criteria for Selection of Broker-Dealers

Generally, NBAIM invests Client Accounts in the Portfolio Funds which are investments directly with the issuers or in Third Party Separate Accounts. Trades are not placed through a broker-dealer.

Accordingly, for these accounts, NBAIM does not select brokers for client transactions, engage in soft dollar arrangements, enter into agreements with, or make commitments to, any broker-dealer that would bind NBAIM to compensate that broker-dealer, directly or indirectly, for client referrals (or sale of fund interests) through the placement of brokerage transactions, or have any clients that direct brokerage to certain brokers.

With respect to its direct trading accounts, NBAIM utilizes the trading desk of its affiliate, NB LLC, to place trades. These trading desks are an order taking service offered as a convenience to NBAIM and not a revenue generator or profit center for NB LLC. NB LLC will select the broker-dealer to be utilized for the account securities or other financial instrument transactions. NB LLC follows its policies and procedures regarding the selection of such broker-dealers, consistent with its duty to seek best execution, as set forth in its Client Brochure which is publicly available on the SEC's website. NBAIM has no input or supervisory responsibility for these policies.

NBAIM may select one or more firms to serve as prime-broker ("**Prime Broker**") to hold the funds and securities of a Private Fund, and certain Separate Accounts may establish a prime-brokerage relationship. The Prime Broker may also execute transactions on behalf the Private Funds and Separate Accounts, consistent with best execution. Specific trades may be "traded away," where trades are executed through brokers other than the Prime Broker in order to gain access to greater inventory or better price or execution. NBAIM may select Prime Brokers it believes will provide specific services to the Private Funds, allowing the Private Funds to operate effectively and efficiently by, for example, providing NBAIM with electronic access to account information and trade confirmations, bulk mailing of statements to investors.

Research and Other Soft Dollar Benefits

Soft dollars refers to the practice of using a portion of the commissions generated when executing client transactions to acquire useful research and brokerage services from broker-dealers and other vendors. Currently, NBAIM does not have any soft dollar arrangements, but is not precluded from having in the future. Although NBAIM does not have any soft dollar arrangements, Client Accounts, where permitted, may participate in soft dollar transactions through NBAIM's use of the NB LLC trading desk. NBAIM and its Client Accounts may indirectly benefit from soft dollar arrangements that NB LLC has in place and soft dollar commissions generated by the transactions placed by NB LLC.

NB LLC may direct transactions to brokers based on both the broker's ability to provide high quality execution and the nature and quality of research services, if any, such brokers provide to NB LLC. As a result, Client Accounts may not always pay the lowest available commission rates where their trades are affected in this manner, so long as NB LLC believes that it is nonetheless obtaining best price and execution under the circumstances and considering the soft dollar benefits, as applicable, provided.

Further information on NB LLC's soft dollar practices is available in NB LLC's Client Brochure publicly available through the SEC's website.

Brokerage for Client Referrals

NBAIM does not enter into agreements with, or make commitments to, any broker-dealer that would bind NBAIM to compensate that broker-dealer, directly or indirectly, for client referrals (or sale of fund interests) through the placement of brokerage transactions.

Directed Brokerage

Clients may have particular brokerage requirements or requests including directed brokerage, use of emerging brokers, or prohibition of specific brokers. NBAIM will review all requests to determine whether NBAIM believes such proposals may be disadvantageous to the client. NBAIM will discuss any concerns with the client. As a general practice, NBAIM does not engage in directed brokerage transactions. Any brokerage requirements or requests may have an adverse impact on NBAIM's ability to achieve best execution for such client. In addition, such request may prevent the client from trade aggregation, which prohibition may prevent more favorable execution.

Trade Errors

NBAIM has adopted procedures for the correction of errors. The procedures require that all errors affecting a client's account be resolved promptly and fairly. The intent of the procedures is to restore a client account to the appropriate financial position considering all relevant circumstances surrounding the error.

B. Aggregation of Orders/Allocation of Trades

For those Client Accounts that NBAIM invests in the Portfolio Funds or in Third Party Separate Accounts, it is not able to aggregate or "bunch" securities transactions for multiple clients.

With respect to its direct trading accounts, NBAIM utilizes the trading desk of its affiliates, NB LLC. There may be occasions when NBAIM decides to purchase or sell the same security or financial instrument for several clients at approximately the same. NB LLC may (but is not obligated to) combine or aggregate such orders in order to secure certain efficiencies and results with respect to execution, clearance and settlement of orders.

NB LLC may elect to combine NBAIM client orders with orders entered for the same security for its clients. This aggregation of orders across client accounts could lead to a conflict of interest in the event an order cannot be entirely fulfilled and NB LLC is required to determine which accounts should receive executed shares and in what order. NB LLC has an incentive to allocate shares received first to its client accounts or to the accounts from which NB LLC receives fees. To mitigate such conflicts, NB LLC has adopted allocation procedures, reasonably designed to treat all participating accounts fairly, and will aggregate and allocate orders in a manner designed to ensure that no particular client or account is favored and that participating clients are treated in a fair and equitable manner over time.

When an aggregated order is completely filled, each participating account will generally participate at the average price paid or received on that day for the aggregated order, and share in any associated transaction costs, based upon the initial amount requested for the account. When price averaging is used, some clients will get a better price and some clients will get a worse price than they would have received if price averaging was not used.

When an aggregated order is partially filled, the order will be allocated in accordance with the written aggregation and allocation procedures of NB LLC. Please refer to NB LLC's Client Brochure for further information regarding its aggregation and allocation procedures.

NBAIM and NB LLC will receive no additional compensation or remuneration of any kind as a result of the aggregation of client trades.

Allocation of Investment Opportunities:

NBAIM serves as investment adviser for a number of clients and may face conflicts of interest when allocating investment opportunities among its various clients. For example: (i) NBAIM receives different advisory fees and/or performance fees from different clients; and (ii) NBAIM and its affiliates, owners, officers and employees may have invested their own capital in certain of the Private Funds but not others. NBAIM's allocation policies are designed to minimize possible conflicts of interest in trading for its clients.

NBAIM considers many factors when allocating investments among clients, including but not limited to, the client's investment objectives, applicable restrictions, the type of investment, the size of the account, and the amount of available cash or the size of an existing position in an account. Clients are not assured of participating equally or at all in particular investment allocations. The nature of a client's investment style may exclude it from participating in many investment opportunities, even if the client is not strictly precluded from participation based on written investment restrictions.

NBAIM attempts to allocate limited investment opportunities among clients in a manner that is fair and equitable when viewed over a considerable period of time and involving many allocations.

The Legal and Compliance Department is responsible for monitoring and interpreting these policies. Any exceptions to these policies require the prior approval of the Legal and Compliance Department.

Item 13: Review of Accounts

A. Periodic Reviews

Reviews of Client Accounts are performed monthly by the Fund Accounting & Administration team, in conjunction with the product Portfolio Management teams and the respective Private Fund's administrator. The number of accounts supervised by different personnel varies depending upon the particular manager's workload and can change from time to time.

B. Non-Periodic Reviews

Other than the periodic review of Client Accounts described above, certain account or market anomalies may trigger non-periodic review of Client Accounts.

C. Client Reports

Separate Accounts and Non-Discretionary Accounts will receive periodic performance reports as agreed upon by NBAIM and the client.

Investors in Private Funds receive client reports as described in each Private Fund's Offering Documents (or as otherwise negotiated with NBAIM). To comply with Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"), where NBAIM is deemed to have custody of a Private Fund's assets, Private Fund financial statements are prepared in accordance with Generally Accepted Accounting Principles (or "**GAAP**") and distributed to investors within 120 days of the end of the fund's fiscal year for its direct trading accounts and 180 days of the end of the fund's fiscal year for its fund of funds accounts. Generally, investors also receive monthly reports containing information on the Private Fund's portfolio holdings, valuation of their interests in the Private Fund and cash distributions. These reports may include or be accompanied by information with respect to the performance of the Private Fund, other information about the investor's capital account and certain tax-reporting information (e.g., Form K-1).

Item 14: Client Referrals and Other Compensation

A. Compensation by Non-Clients

Not applicable.

B. Compensation for Client Referrals

From time to time, in accordance with applicable law, NBAIM may retain and compensate third parties for introducing new investment advisory clients or investors in the Private Funds to NBAIM. The compensation to such parties generally represents a percentage of the management fees paid by the client to NBAIM. Clients do not pay a higher fee than they would otherwise pay due to the solicitor's involvement in the introduction. In addition to referrals from external sources, Firm employees are eligible to earn an account referral commission for referring a potential client to NBAIM that engages NBAIM to provide investment management services.

From time to time, NBAIM may seek to educate consultants, broker-dealers, and other financial intermediaries (jointly referred to in this section as "**Consultants**") about its investment management services. NBAIM may sponsor educational events where its representatives meet with Consultants and/or their clients. NBAIM may pay some of the costs associated with educational events, which provide NBAIM's representatives with an opportunity to meet with Consultants and/or clients. These fees are paid by NBAIM from its own resources, which include the management fees received from the clients.

Item 15: Custody

Private Funds

With the exception of certain privately offered securities, neither NBAIM nor its affiliates will maintain physical custody of the funds or securities of any Private Fund. Custody of the assets of a Private Fund will be maintained with a qualified custodian selected by NBAIM or its affiliate, in its exclusive discretion, which selection may change from time to time generally without the consent of investors in the Private Fund.

Although NBAIM or its affiliates generally will not have physical custody of Private Fund assets, under the Custody Rule, an adviser has “constructive” custody if it or an affiliate has the authority to possess client assets by withdrawing funds on a client’s behalf. NBAIM or its affiliate, by virtue of acting as adviser, general partner or managing member of each Private Fund, has the authority to withdraw funds or securities from the Private Fund. Accordingly, NBAIM is deemed to have “constructive” custody over the assets in each Private Fund.

Certain of the direct trading accounts have “prime brokerage” arrangements with prime brokers. As discussed in Item 12 above, a substantial amount of the brokerage of the Private Funds may be effected through the prime broker. Through this arrangement, the prime broker performs the following functions, among others: (1) arrange for the receipt and delivery of securities bought, sold, borrowed and lent; (2) make and receive payments for securities; (3) maintain physical possession and custody of cash and securities; and (4) deliver cash to the Private Fund’s bank accounts. The prime broker will generally maintain physical possession or custody of a certain portion of the Private Fund’s assets.

In order to comply with the Custody Rule, these Private Funds undergo an annual audit performed by an independent accounting firm registered with, and subject to, inspection by the Public Company Accounting Oversight Board (PCAOB). The audited financial statements, prepared in accordance with GAAP, are distributed to all Private Fund investors within 120 days of the end of the fund’s fiscal year for its direct trading accounts and 180 days of the end of the fund’s fiscal year for its fund of funds accounts.

Separate Accounts and Non-Discretionary Accounts

Generally, neither NBAIM nor its affiliates will be deemed to have custody of the assets of the Separate Accounts or Non-Discretionary Accounts. The assets in a Separate Account or Non-Discretionary Account typically are deposited with a qualified custodian selected by the client. Under each investment management agreement, NBAIM generally invoices the Separate Account or Non-Discretionary Account client and the client directs its custodian to pay NBAIM.

Item 16: Investment Discretion

Private Funds and Separate Accounts

NBAIM has the authority to determine, for the Separate Accounts and Private Funds, without obtaining specific client consent, the securities to be bought or sold, the amount of securities to be bought or sold, and, if applicable, the broker dealer to be used and commission rates paid. NBAIM's discretionary authority is derived from an express grant of authority under each Separate Account's and Private Fund's investment advisory agreement with NBAIM.

Purchases and sales must be suitable for the particular client and limitations may be imposed as a result of instructions from the client or as set forth in the Offering Documents for the Private Funds.

Pursuant to the Firm's MNPI Procedures, when NBAIM is in possession of material non-public information related to the issuer of any security, whether acquired unintentionally or otherwise, NBAIM is not permitted to render investment advice as to, or otherwise trade or recommend a trade in, the securities of such issuer until such time as the information that the NBAIM has is no longer deemed to be material non-public information. As such, there may be circumstances which will prevent the purchase or sale of securities for Client Accounts for a period of time. See Item 11.D.1.

Non-Discretionary Accounts

From time to time, existing clients may direct NBAIM to purchase or sell securities on their behalf. In each such case, NBAIM will not assume investment advisory responsibility for such transactions. The client is the final decision maker on all buy sell and hold decisions with respect to these transactions.

Item 17: Voting Client Securities

Proxy Voting.

For those Client Accounts that NBAIM invests in the Portfolio Funds or in Third Party Separate Accounts, NBAIM does not anticipate having authority to vote proxies since it does not make direct investments in public securities.

With respect to its direct trading accounts, NBAIM generally has voting power with respect to securities in such accounts. Together with NB LLC and certain other of its Advisory Affiliates, NBAIM has adopted written Proxy Voting Policies and Procedures (the "Proxy Voting Policy") which are designed to reasonably ensure that it votes proxies prudently and in the best interest of its clients.

The Proxy Voting Policy provides for the process by which proxy voting decisions are made, handling of material conflicts of interest, disclosing the Proxy Voting Policy to Clients, maintaining appropriate books and records relating to proxies, and proxy voting guidelines for common proxy proposals.

The Neuberger Berman Proxy Voting Committee is responsible for developing, authorizing, implementing and updating the Proxy Voting Policy, overseeing the proxy voting process and engaging and overseeing any independent third party vendors as voting delegate to review, monitor and/or vote proxies. In order to apply the Proxy Voting Policy in a timely and consistent manner, NBAIM, through NB LLC, utilizes Glass Lewis & Co., LLC ("Glass Lewis") to vote proxies in accordance with NBAIM's voting guidelines.

Please refer to NB LLC's Client Brochure for further information regarding the Proxy Voting Policy.

Class Action Lawsuits.

From time to time a security held in a Client Account may become the subject of a class action lawsuit and NBAIM may directly receive notice of such class action. In such cases, NBAIM will determine whether it has authority to act with respect to the class action, based on the investment management agreement.

Item 18: Financial Information

A. Prepayment of Fees (Six or more months in advance)

Not applicable.

B. Impairment of Contractual Commitments

NBAIM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

C. Bankruptcy Petitions

NBAIM has not been the subject of a bankruptcy proceeding.